



Charitable Bingo in Michigan Celebrates the Big 4-0



In 1972 the war in Vietnam was ending, bell-bottoms and go-go boots were in style, Motown Records moved from Detroit to LA, and we were singing “Bye-bye Miss American Pie.” It was at this time that Act 382 of the Public Acts of 1972 was being signed to legalize bingo as a means of fundraising for non-profit organizations.

To celebrate these past forty years, we invite bingo licensees to celebrate “40 Years of Bingo” over the course of the next year—just once, monthly, or randomly. This is a perfect opportunity to try out ideas that might attract new players. Have a “Hippie Birthday Bingo” or “Motown Bingo” party and try some of these groovy ideas:

- ◆ Test a program you have considered trying—or—offer all hard cards at the event, playing bingo the way it was played in the 70's.
- ◆ Infuse 70's trivia between games.
- ◆ Dim the lights, use black lights, hang posters and beads to reflect the era.
- ◆ Advertise the event to non-bingo players. Provide low cost marketing incentives (such as a free dauber) to attract the general public. (NOTE: Print labels that contain license number, licensee name, and lawful purpose for the proceeds. Place a label on each item.) Offer a short orientation before bingo for new players.
- ◆ Encourage players and workers to dress in hippie attire.
- ◆ Music is a must. Use Google to search “Top 100 hits of 1972” and you will find many timeless songs that will immerse your crowd into an era long gone.
- ◆ Have a worker dance-off or find other ways for workers to set the party tone.

If you want to make this happen but need some help, e-mail us at highlights@michigan.gov or contact our office at 517-335-5780. We will help you create fun memories for your bingo players.

GOVERNOR SNYDER SIGNS EXECUTIVE ORDER: MILLIONAIRE PARTIES TRANSFER TO GAMING CONTROL



Executive order 2012-4 transferred responsibility for the licensing and regulation of the Millionaire Party (i.e. Texas Hold'em) program to the Michigan Gaming Control Board. Effective September 4, 2012 all millionaire party submissions and inquiries must be directed to:

Michigan Gaming Control Board

P.O. Box 30786

Lansing, MI 48909

Phone: (313) 456-4100

www.michigan.gov/mgcb

Millionaire Party applicants and licensees should continue using Charitable Gaming applications, forms, and game records until otherwise directed by the Michigan Gaming Control Board. Updates on this matter can be found on our website at www.michigan.gov/cg.

Worker Pay for an Annual Charity Game Licensee

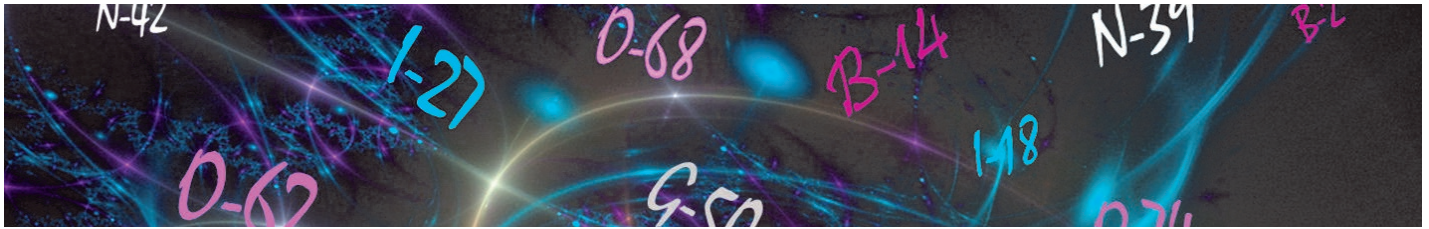


According to Charity Game Rule 617(4)(a), a chairperson and a recordkeeper may be compensated according to the compensation schedule (which tops off at \$100 per week as of the date of this article). One person may not be compensated as both the recordkeeper and chairperson.

Organizations that choose to pay the bartender as a worker are limited by the compensation schedule to pay a maximum of \$15 per day.

Keep in mind, these are maximums and should only be used to the extent where the compensation is *necessary* and *reasonable*, as required under Charity Game Rule 620(4). If sales are low and worker pay is high, this leaves little or no money to pay for tickets, let alone provide profit to the organization.

Every \$100 in ticket sales generates \$15 in net profit to the organization. Do not allow your expenses to exceed your net profit. Do the math. If you want to compensate your bartenders for handling charity game tickets, consider giving them a \$1/hour raise rather than \$15 each in worker pay per day. It not only may be less expensive for your organization, the paperwork at tax time would be simplified, as well.



Bingo Caller Competition

Do your bingo callers keep your players entertained? Do they know how to get the crowd laughing or make the players smile? Are their voices enjoyable to listen to? Most callers get the job done...but special callers make bingo *fun*.

If you have a special caller you would like to recognize—someone you feel lucky to have at your bingo—we would love to see your caller in action.

With their permission, make a video during the bingo event that reflects their personality. Save it to Facebook or YouTube then send an e-mail containing a link to the video to highlights@michigan.gov. Include a contact name, contact phone number, the caller's name, organization name, and location as well as a statement that you obtained permission to record the caller and submit footage.

All entrants will receive a 12-pack of bingo daubers. The winner may be featured in future training videos. Both the winner and the nominator will receive a gift package from Charitable Gaming.

DERBY DOWNS: THE GREATEST THING SINCE LUCKY BINGO BALLS!

Derby Downs is a new bingo-interactive game containing 320 tickets that works best when it is played with a coverall or alone as a speedball.

Derby Downs is as simple as Lucky Bingo Balls. And as an added benefit, your supplier has tools to assist you:

- * Table tents for players to read.
- * A caller script card.
- * A poster to display days and times sold.

And every box includes the Derby Downs directive that addresses issues that may arise.

Keep more players in the game by playing multiple deals simultaneously. Unlike Lucky Bingo Balls, if more than one deal is being played at a time, the winners from all active deals are determined at once.



Chairperson Ray Richardson from the L'anse Creuse Athletic Boosters brings fun to North Gratiot Hall.

INCREASING YOUR BINGO'S NET PROFIT

While bingo revenues have been decreasing, bingo expenses have found a way to continually increase. For the last two fiscal years, not only has bingo profit been wiped out, charity game ticket proceeds have gradually been eroded. Our goal is to help non-profits reverse this trend by collecting and sharing ideas for anyone struggling with how to make his or her bingo profitable.



Act 382 of the Public Acts of 1972, as amended, requires all expenses to be reasonable. Additionally, Bingo Rule 330(4) states that expenses must be necessary and reasonable.

The following two sections address two of the expenses that you have the most control over: **bingo prizes** and **worker compensation**.

Reasonable Bingo Prizes

Bingos often pay out \$2,500, \$3,000, or \$3,500 in total prizes without consideration as to how this impacts a bingo's bottom line. Prize payouts based on a percentage will assist you in developing a program that will generate a profit despite attendance/revenue. Additionally, it will keep prizes "reasonable" in accordance with the law.

Generally a 70% (.7) prize payout (PO) is required to have enough gross profit to pay all expenses and stay in the black on bingo activity.

In FY2011, bingo players spent an average of \$36 on bingo admission and card sales. Review your last three or four financial statements to determine your bingo's per player average (PPA).

$$(\text{Admission} + \text{Bingo Card Sales}) \div \text{Attendance} = \text{PPA}$$

Due to the fluctuation in attendance, in order to keep prizes reasonable, bingos should develop a variable (tiered) prize payout based on attendance. The most common way to do that is to develop attendance ranges that work for your bingo. Many bingos use three tiers. (With more tiers, players will see that a few more players can increase prizes. Encourage them to bring friends!)

For each tier, calculate the maximum amount that can be given away in prizes based on the minimum number of players for that range.

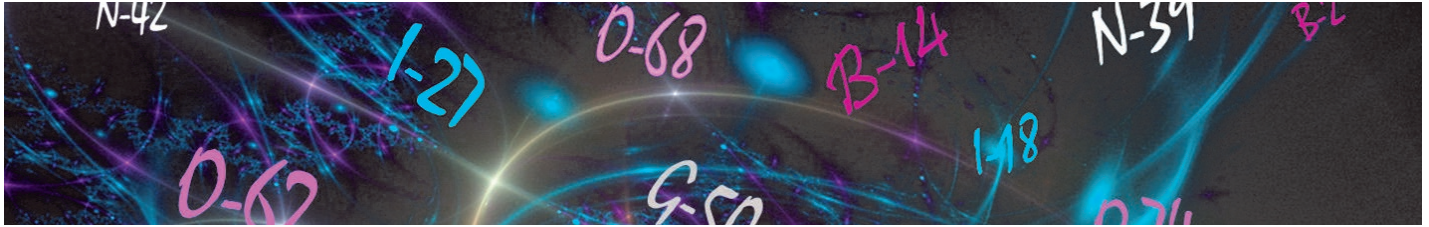
$$\text{<minimum \# of players>} \times \text{PPA} \times \text{PO\%} = \text{maximum prizes}$$

For example, if your PPA is \$38 and you set one level at 75 to 99 players, those prizes should be limited to \$2,000:

$$\text{\$38} \times \text{75} \times \text{.7} = \text{\$1995}$$

You may determine that if a certain minimum attendance is not achieved, bingos revert to a 50/50.

House rules should notify players as to what time a head count will be taken to determine the prize payout. Bingo Rule 315(1) requires licensees to adhere to their bingo game program for the conduct of the occasion.



As you develop your bingo program, pay attention to which games are profitable and which are not. Analyze your electronic games separately. After prizes are paid, is there enough remaining to cover the cost of equipment as well as an allocation to worker compensation and rent?

You can appeal to players by beefing up prizes using odds to your advantage. Using 3-color sheets, you can assign prizes based on the color the winners bingo on. The middle color pays the base amount, one color pays an increment higher, and the other an increment lower. For example if you allocate \$150 to a coverall, you can advertise “up to \$200” by assigning the prizes this way:

RED pays \$100, WHITE pays \$150, and BLUE pays \$200

A completed receipt is signed by the winner and retained with bingo records.

Reasonable Worker Compensation

The original intent for worker compensation was to defray cost for “volunteer” expenses, such as babysitting, food, and gas. Excessive worker pay can gravely impact the organization’s ability to raise money.

General Provisions Rule 105 prohibits the profits from a gaming event to be used for the benefit of any individuals except to directly further the lawful purposes of the organization.

A bingo licensee may use an unlimited number of volunteer (free) workers, however, when workers are paid, compensation expenses should be limited. The chart below was developed as a guide to assess your bingo occasions to ensure worker compensation is necessary and reasonable.

Based on data provided by our licensees, a reasonable number of workers needed (to sell both bingo cards and charity game tickets) has been estimated for various levels of attendance. The “Maximum Compensation” amount advised for bingo was calculated by multiplying the reasonable number of workers by the maximum amount allowed under the Service Compensation Schedule.

In accordance with the chart below, a bingo with an attendance of 78 players could have as many workers as they’d like yet limit total worker compensation to \$280.

Attendance	1-14*	15-29	30-44	45-59	60-74	75-89	90-104	105-119	120-134
Chairperson (\$50 max.)	1	1	1	1	1	1	1	1	1
Caller (\$30 max.)	1	1	1	1	1	1	1	1	1
Recordkeeper (\$50 max.)					1	1	1	1	1
Additional Workers (\$30)		1	2	3	4	5	6	7	8
Maximum Compensation	\$80*	\$110	\$140	\$170	\$250	\$280	\$310	\$340	\$370

* Even though all bingos minimally require a caller and chairperson, if less than 15 players attend bingo it would be difficult to justify additional workers receiving the maximum compensation unless charity game ticket sales are substantial.

Limiting worker compensation allows nonprofit organizations to raise more revenue for their lawful purposes through charitable gaming events.

Unlimited = Unlawful

Licensees may unknowingly be violating bingo rules by offering free or unlimited paper. Even those that promote “up to” a certain number of books or paper with a set price are in violation. Bingo Rule 317 (10) states, in part, “Free bingo cards shall not be provided, given to, or played by a player.” Additionally, Bingo Rule 330 (1) states, “The licensee shall be accountable for all cash, bingo cards, prizes, and charity game tickets.” Unlimited or variable number of cards provides no accountability over sales.

Hot Ball Accountability

Hot Ball is a feature that can add a bonus prize to any bingo game. A Hot Ball number is randomly determined before the game begins—usually the first number drawn from the previous game. If a player bingos on the Hot Ball number and has bought into the Hot Ball, they not only win the bingo prize, they also win the Hot Ball prize. The organization often does not take a cut so the Hot Ball prize is a “winner-take-all.”

Determine the maximum Hot Ball prize to keep total prizes from exceeding \$1,100 per game and \$3,500 per event. A single Hot Ball has a 1/75 chance of being won, so it usually is rolled over to a quickly-growing jackpot. One idea to improve the players odds for winning the jackpot is on the second week have two Hot Ball numbers that players can bingo on, the third week have three, etc. Ensure the method of play is included in your house rules.

A player wishing to add the Hot Ball option to their game is typically charged an extra \$1. To protect the player and for integrity, include the Hot Ball purchase on the player's verification slip. To guarantee immediate growth in sales, the Hot Ball option can be built into the cost of books.

To track the revenue, the cost of Hot Balls must be accounted for separately from the bingo game revenue. Proceeds that have not been awarded must be deposited each week and the licensee must track the cumulative prize amount from week to week, recording hot ball number, amount rolled over, and winning amount.

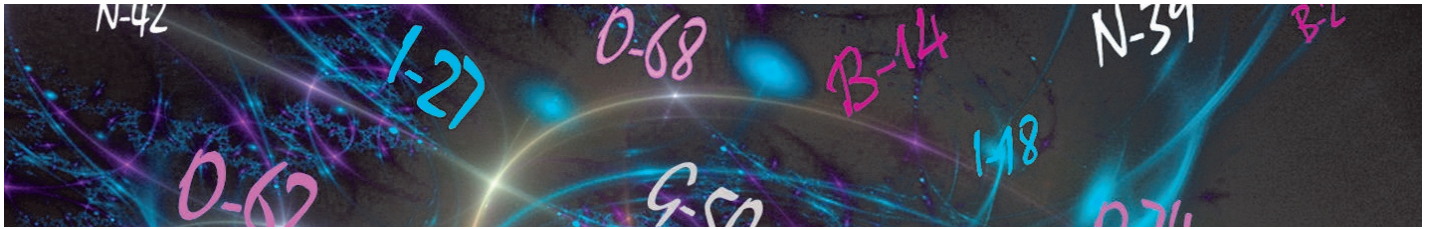
Fish Tank Psychology

If you have ever owned a fish tank, you may know that adding a new fish to the tank is stressful for that fish. Not only does it have to become physically acclimated to the water and temperature, it now is dealing with fish who have already lived in the tank.

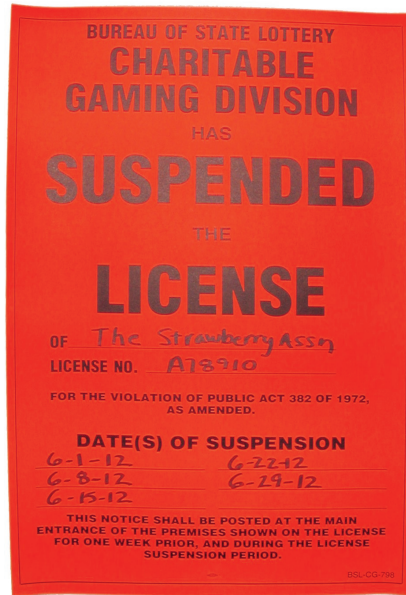
A new fish doesn't easily find its own little corner of the tank. All territory has already been established. No matter where it goes, the area is already claimed. An experienced fish owner knows that it is crucial to the well-being of all the fish in the tank to rearrange the rocks and decorations prior to introducing the new fish. This allows each fish to settle into an area that is not already claimed.

How are new players treated when they enter your bingo? Do players get irritated when someone sits in “their” seat? When you expect new players, it may be a good time to rearrange the “rocks.”





Administrative Actions



Annual Charity Ticket Licenses Suspended

Organization Name	City	Effective Date(s)
American Legion 106	Grayling	5/6/12-5/12/12
American Legion 73	Sturgis	5/20/12-5/26/12
VFW 1355	Sturgis	6/24/12-6/30/12
VFW 2144	Holland	7/8/12-9/29/12
Eagles 1944	Negaunee	7/22/12-8/11/12
Eagles 3373	Clarkston	7/29/12-8/11/12
American Legion 377	Waterford	8/19/12-8/25/12

Bingo Licenses Suspended

Organization Name	City	Effective Date(s)
Grand Haven Band and Orchestra	Grand Haven	5/29/12-7/30/12
Parents Association (2 licenses)		
Wayne Ford Civic League (7 licenses)	Westland	6/17/12-12/29/12
Attic Theatre (3 licenses)	Ann Arbor	6/10/12-6/23/12

Right to Obtain Licenses Suspended

Organization Name	City	Effective Date(s)
A New Beginning Incorporated	Detroit	4/19/12

Bingo Licenses Surrendered

Organization Name	City	Effective Date(s)
Attic Theatre (9 licenses)	Ann Arbor	6/9/12

Millionaire Party Licenses Reduced

Organization Name	Location	Effective Date(s)
VFW 2269 Auxiliary	Flying Aces	2/8/12-12/31/12
VFW 2269	Flying Aces	2/9/12-12/31/12
BMD Charities Inc.	Electric Stick	5/10/12-12/31/12
Temple Beth El	Shark Club	5/21/12-12/31/12
Hill-McCoy High School	5 Star Lanes	7/9/12-12/31/12
K of C 2739	5 Star Lanes	7/9/12-12/31/12
Eagles 3926	Continental Lanes	6/20/12-12/31/13

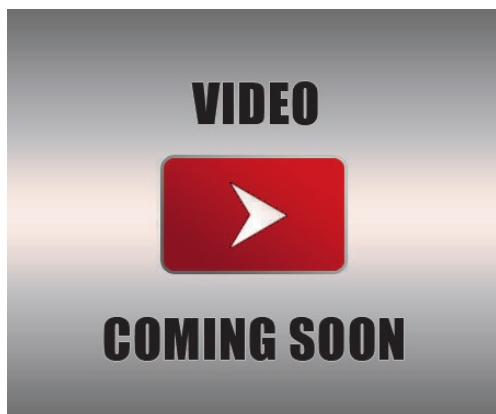
Millionaire Party Location Violation Closures

Organization Name	City	Effective Date(s)
Shwin LLC-Sunnybrook Golf & Bowl	Sterling Heights	8/28/12-9/3/12





Annual Charity Game Training Online



Annual charity game licensees will soon have the advantage of attending a training meeting while remaining in the comfort of their own home. In fact, eventually all **principal officers, chairpersons, and recordkeepers** will be required to take the online training course.

While this may seem to some like an unnecessary burden to principal officers, it is the principal officer that is ultimately responsible for the license and will be required to come to the Lansing office if records appear questionable. Additionally, the training video will highlight the primary items to look out for and tools for oversight of the license. Licensees will be notified once the videos are completed and ready to be viewed.

Go to www.michigan.gov/cg for this and previous issues of **HIGHLIGHT\$**.